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[Signature]

FENNEMORE CRAIG, P.C.
A Professional Corporation
Patrick J. Black (No. 017141)
3003 North Central Avenue, Suite 2600
Phoenix, Arizona 85012
Telephone (602) 916-5000
Attorneys for Payson Water Company

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF PAYSON WATER COMPANY FOR
APPROVAL OF A WATER
AUGMENTATION SURCHARGE TARIFF
(MESA DEL CABALLO SYSTEM)

DOCKET NO: W-03514A-10-0116

IN THE MATTER OF THE NOTICE OF
FILING OF PAYSON WATER COMPANY'S
PROPOSED CHANGES TO ITS
CURTAILMENT TARIFF (MESA DEL
CABALLO SYSTEM)

DOCKET NO: W-03514A-10-0117

**NOTICE OF FILING
CERTIFICATION OF PUBLICATION
AND PROOF OF MAILING**

Pursuant to the Procedural Order dated June 2, 2010, Payson Water Company ("Payson Water"), an Arizona public service corporation, hereby submits this Notice of Filing Certification of Publication and Proof of Mailing in the above-captioned matter.

On June 15, 2010, supplemental notice regarding Payson Water's Application for Approval of Water Augmentation Surcharge Tariff and Notice of Filing Proposed Changes to Curtailment Tariff was published in the *Payson Roundup*. The affidavit of Paula VanBuskirk, Assistant Bookkeeper of the *Payson Roundup*, is attached hereto as **Exhibit A.**¹

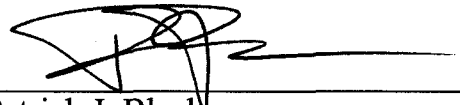
On June 10, 2010, Payson Water mailed notice to customers. The affidavit of Robert T. Hardcastle is attached hereto as **Exhibit B.**

¹ Although the notice and request were submitted by the Company to the newspaper prior to the deadline, it did not run until June 15, 2010.

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DATED this 18th day of June, 2010.

FENNEMORE CRAIG, P.C.

By: 
Patrick J. Black
Attorneys for Payson Water Company

ORIGINAL and 13 copies filed
this 18th day of June, 2010, with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

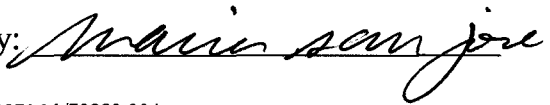
COPY hand-delivered
this 18th day of June, 2010, to:

Marc E. Stern, ALJ
Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Kimberly Ruht, Esq.
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

COPY mailed
this 18th day of June, 2010, to:

Mesa Del Water Committee
c/o El Caballo Club, Inc.
8119 Mescalero
Payson, Arizona 85541

By: 

2323716.1/73283.004

EXHIBIT

A

Affidavit of Publication

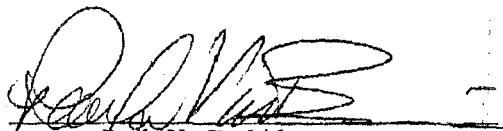
Payson Roundup

10045929

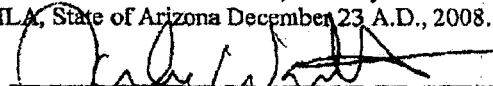
STATE OF ARIZONA

06/18/2010

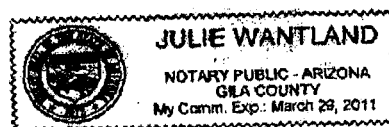
I, Paula VanBuskirk, do solemnly swear that I am Assistant Bookkeeper of the **Payson Roundup**, that the same is a newspaper printed, in whole or in part, And published in the COUNTY OF GILA, State of Arizona, and has a general Circulation therein; that said newspaper has been published continuously and uninterruptedly in said COUNTY OF GILA for a period of more than fifty-two weeks prior to the first publication of the annexed legal notice of advertisement; that said newspaper has been admitted to the United states mails as second-class matter under the provisions of the Act of March 3, 1879, or any amendments thereof, and that said newspaper is a newspaper duly qualified for publishing legal notices and advertisements within the meaning of the laws of the State of Arizona. That the annexed legal notice or advertisement was published in the regular and entire issue of every number of said daily newspaper for the period of 4 consecutive insertions; and that the first publication of said notice was in the issue of said newspaper dated **June 15, 2010**, and that the last publication of said notice was in The issue of said newspaper dated **June 15, 2010**. In witness Whereof I have hereunto set my hand this **June 18, 2010**.


Paula VanBuskirk

Subscribed and sworn to before me, a Notary Public in and for the COUNTY OF GILA, State of Arizona December 23 A.D., 2008.


Julie Wantland, Notary Public

My commission expires March 29, 2011.



Budget, border top concerns of governor candidate

BY ALEXIS BECHMAN
HONOLULU STAFF REPORTER

Gubernatorial candidate Buz Mills said he will make the cuts to balance the state's massive budget deficit, but will not sleep on funding to secure Arizona's border, which he said is under attack from illegal immigrants.

"I will use every resource available to me, everyone we got, including the National Guard" to secure the border, Mills said at a recent Military Officers Association of America luncheon at Crosswinds Restaurant. "They (illegal immigrants) are coming for some nefarious reason."

Mills said Arizona has a tremendous drug problem, and the federal government is doing nothing to stop the flow of illegal drugs.

"They don't care about us here because there is only five million votes here," he said. In other border states, more has been done because there are more votes there.

Mills said he supports the new immigration law, although similar federal statutes have been on the books for decades, because it is bringing national attention to a serious issue.

In late May, President Obama ordered 1,200 National Guard troops to the border. Obama promised Governor Jan Brewer the majority would serve on the Arizona-Mexico border.

Arizona needs 10,000 troops to solve the state's border issues, Mills said.

"I will use every resource available to me, everyone we got, including the National Guard" to secure the border

Buz Mills
Republican candidate for governor

Mills said he supports state Sen. Russell Pearce's latest proposal to deny citizenship to children born in the U.S. of illegal immigrants.

"No other country does that," Mills said of the U.S. Constitution, which in the 14th amendment guarantees citizenship to anyone born in the U.S.

"We need to fix that," he said. "I will do whatever we have to do to secure our borders."

An audience member asked Mills, a self-proclaimed entrepreneur for 35 years, if he could handle the pressures of being governor, especially with all of the challenges the state currently faces.

"I have no fear. There is nothing those people can do to me," he said.

Mills reiterated multiple times that he is a businessperson, not a politician, and therefore does not owe anyone anything. Mills currently owns Gunsite, a firearms training facility in Paulden, Ariz.

"I don't have anything invested in the political system," he said. "I look at this with a wide angle lens."

To fix the state's budget woes, Mills suggests privatization of state parks, school food service and janitors, among other things, and deregulation.

"I am here to provide leadership," he said. "I will be the first salesman for Arizona."

Mills said the state has to attract more businesses if it wants to solve its budget woes. With its tax structure, education system and beautiful weather, Arizona is the ideal location for any business, he said.

"There is nothing we don't have for a business or industry to come here," he said.



Buz Mills

Gov. Brewer has exasperated the state's budget crisis and does not have the leadership to fix the problem, according to Mills.

"We are broke and no one is doing anything about it," he said. "Someone should provide leadership. That is what we need to solve our problems."

Mills said he would say "no" to increased spending and raising taxes and would make the hard cuts no one else is willing to make.

An audience member asked Mills how he differentiates himself from opponent Dean Martin.

"There are stark differences between me and Dean Martin," Mills said.

Mills held his hand up to his waist and said you have to be this tall to be governor, insinuating Martin, who is also the state's treasurer, does not have the experience necessary.

Mills also said Gov. Jan Brewer does not have the executive experience needed.

"There is no leadership there," he said. "We need a different perspective. I am not going to sell the capitol building. I am not going to drink the Kool-Aid."

"Border, money, jobs. That's Buz," he concluded.

Republicans running against Mills in the Aug. 24 primary are former state Treasurer Martin, Apache Junction resident Matthew Jette, Mesa resident Tom Gordon and incumbent Jan Brewer. Tucson lawyer John Munger recently withdrew from the race.

In the Libertarian Party, Springville resident Ron Cavanaugh, Overgaard resident Barry Hess, Overgaard resident Bruce Olsen and Prescott Valley resident Alvin Ray Yount are squaring off.

The Green Party has one candidate, Tempe resident Larry Gist. Attorney General Terry Goddard is the sole Democratic candidate.

Two employees could retire, then be 'leased' back by town

From page 1A

At the state level, salaried employees cannot report to contract employees as supervisors. However, Town Manager Debra Galbraith said no such restriction exists at the town level.

Currently, Erlandsen runs the community development department and Walker runs the water department, which means both have employees who report to them. Galbraith said that as contract employees, they will no longer write annual reviews for town employees nor sign agreements or documents that bind the town legally.

Galbraith said the contracts will not restrict other outside contracts either man can enter into nor require them to disclose other contracts or financial relationships. State law tightly regulates any potential financial conflicts of interest involving public employees.

However, Galbraith said that Payson's a small enough town that she would quickly find out about any conflicts of interest and could then terminate the contract or ask for changes.

Evans said the council has been working with Galbraith for nearly a year, trying to figure out some way to contain the town's spiraling retirement and benefit costs.

Evans said, "There are some really strange things that have happened over the years" when it comes to retirement and benefit packages for town workers "and we've created a legacy cost that is simply unsustainable."

Evans said for newly hired town workers, benefit and retirement contributions amount to 20 or 30 percent of a worker's salary. But for workers hired when Walker and Erlandsen were in town, the benefits cost is more like 60 percent of salary.

As a result, a senior employee making a \$100,000 salary actually costs the town \$160,000 annually, when retirement and benefit costs are included.

PUBLIC NOTICE PAYSON WATER COMPANY MESA DEL CABALLO SYSTEM DOCKET NOS. W-03514A-10-0116 WATER AUGMENTATION SURCHARGE TARIFF AND W-03514A-10-0117 CURTAILMENT TARIFF (CONSOLIDATED)

Summary
On March 31, 2010, Payson Water Company ("PWC" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for the emergency implementation of a water augmentation surcharge for customers served by its Mesa del Caballo ("MDC") water system due to potential water shortages during the summer season. Concurrently, the Company also filed an application for proposed changes to its Curtailment Tariff for the MDC System, which contains specific requirements as to when water augmentation will be necessary. An evidentiary hearing was held on May 18, 2010.

This notice is being sent to provide customers more information about the potential size of the water augmentation surcharge based on the amount of water being used.

Proposed Water Augmentation Surcharge

The Company has proposed a water augmentation surcharge intended to collect costs for water augmentations made during the previous month - all pass-through costs. Each charge will be determined by taking the total monthly cost, and prorating the surcharge to each specific customer (currently, 375) based on the customer's total consumption for the month in which water augmentation is necessary. As currently proposed, those customers who use more water will pay a larger proportionate share of water augmentation costs than those customers who used less water.

If the surcharge had been in effect from between May and September of 2009, when water hauling was necessary to augment the water supply, a typical customer with a median usage of 3,621 gallons per month would have seen an increase of approximately \$16.50 on each monthly bill. Please note that the Company is NOT seeking recovery of 2009 water hauling expenses.

EXEMPTION: Under the Company proposed revisions to the existing Curtailment Tariff, customers who use 4,000 gallons or less per month, based on a twelve (12) month rolling average - though still encouraged to reduce water use - will not be subject to mandatory reductions in daily use requirements under Schedules 3, 4, and 5. However, all other restrictions during mandatory conservation periods will still apply.

It is difficult to identify how a water augmentation surcharge will affect you, the individual customer, because it will be tied specifically to the amount of water used. However, the following table provides a range of the estimated surcharge costs, based on water usage and the amount of water augmentation necessary, each month. The first column (100% hauled water) represents a worst-case scenario to illustrate the event the Company is required to haul every drop of water to its Mesa del Caballo system from somewhere other than Company wells or water obtained through well sharing agreements. PWC does not anticipate that it will ever be required to haul 100% of water being served to customers in the Mesa del Caballo system.

Surcharge Cost Estimates

Water Use	25% hauled water	50% hauled water	100% hauled water
2,000 gpd	\$ 35.72	\$ 51.60	\$ 83.36
3,621 gpd	51.70	80.47	137.97
5,000 gpd	65.30	105.01	184.41
10,000 gpd	118.36	195.08	321.24

How You Can View or Obtain a Copy of the Surcharge Tariff Application and Curtailment Tariff

If you have any questions about these applications, you may contact the Company at Brooke Utilities, P.O. Box 82218, Bakersfield, California 93380.

Copies of the applications are available from PWC by contacting its Call Center at (800) 270-6084 and providing your mailing address and/or email address, and on the Internet via the Commission's website (www.arcc.gov) using the e-docket function.

Arizona Corporation Commission Public Hearing Information

The Commission held a public hearing on this matter on May 18, 2010, at the Commission's offices in Phoenix, Arizona. Any written public comments may be submitted to the record by mailing a letter, referencing Docket Nos. W-03514A-10-0116 and W-03514A-10-0117 to the Arizona Corporation Commission, Consumer Services Section, 1200 West Washington Street, Phoenix, Arizona 85007, or by e-mail. For a form to use and instructions on how to e-mail comments to the Commission, go to <http://www.arcc.gov/divisions/utilities/forms/complaintform.pdf>.

About Intervention

Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene.

The deadline for filing a written motion to intervene has been extended to June 25, 2010. If you wish to intervene, you must file an original and 15 copies of a written motion to intervene with the Commission no later than June 25, 2010. Also send a copy of the motion to PWC in its counsel and to all parties of record. Your motion to intervene must contain the following:

1. The name, address and telephone number of the proposed intervenor and of any person upon whom service of documents is to be made if different than the intervenor;
2. A short statement of the proposed intervenor's interest in the proceeding and whether he/she is requesting that the hearing be re-opened to present evidence and to cross-examine any prior witnesses;
3. A statement certifying that a copy of the Motion to Intervene has been mailed to PWC or its counsel and to all parties of record in the case.

The granting of Motions to Intervene shall be governed by A.A.C. R14-3-105, except that all Motions to Intervene must be filed on, or before, June 25, 2010. If representation by counsel is required by Rule 21 of the Rules of the Arizona Supreme Court, intervention will be conditioned upon the intervenor obtaining counsel to represent the intervenor. For information about requesting intervention, visit the Commission's website at <http://www.arcc.gov/divisions/utilities/forms/intervenor.pdf>. The granting of intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing. If it is re-opened, and providing public comment on the applications or from filing written comments in the record of the case.

ADA/Equal Access Information

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format by contacting the ADA Coordinator, Carolyn Buck, email CDBuck@arcc.gov, voice phone number (602) 542-3951. Requests should be made as early as possible to allow time to arrange the accommodation.

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EXHIBIT

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CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Kern

On June 15, 2010 before me,

P.A. Sinichko

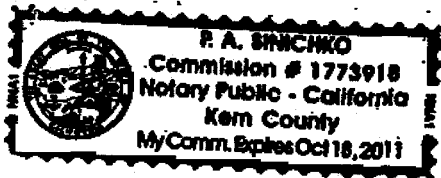
Here Insert Name and Title of the Officer

personally appeared

Robert T. Hardcastle

Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: P.A. Sinichko

Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Affidavit of Robert T. Hardcastle

Document Date: June 2, 2010

Number of Pages: 1

Signer(s) Other Than Named Above: None

Capacity(ies) Claimed by Signer(s)

Signer's Name: Robert T. Hardcastle

Signer's Name: _____

☒ Corporate Officer — Title(s): Brook Utilities

☐ Corporate Officer — Title(s): _____

- ☐ Individual
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

- ☐ Individual
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

Signer Is Representing: _____

EXHIBIT

1

PUBLIC NOTICE
PAYSON WATER COMPANY MESA DEL CABALLO SYSTEM
DOCKET NOS. W-03514A-10-0116 WATER AUGMENTATION SURCHARGE
TARIFF AND W-03514A-10-0117 CURTAILMENT TARIFF (CONSOLIDATED)

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